Exhibit 2

Gucci coup; Fashion.(Features).

Sunday Times (London, England) (Feb 19, 2006): p29.

THE SUNDAY TIMES **Full Text :**COPYRIGHT 2006 Sunday Times

Byline: Sara Hassan

The world's most glamorous label is having a retro moment. By Sara Hassan

Reinventing the past is one of fashion's favourite pastimes, and Frida Giannini's first collection as Gucci's creative director is no exception. Giannini has raided the archives to revive design classics from those distant decades when Jacqueline Kennedy, Audrey Hepburn and a young Princess Caroline of Monaco (above) were fans of the label. The iconic boot print of the 1970s has been reworked to create a new generation of wrap dresses and blouses, while the classic Flora design, once a scarf print, adorns shoes, bags, blouses and bikinis. The whole collection is a joyous blend of prints, tiger stripes and gold metallics. Riviera summer, here we come.

CAPTION(S):

1 White moccasins, Pounds 260.

2 Shirt, Pounds 455. 3 Wrap dress, Pounds 920. 4 Jacket, Pounds 3,860. 5 Gold moccasins, Pounds 265. 6 Bikini, Pounds 220. 7 Guccissima bag, Pounds 510. All by Gucci; 020 7629 2716

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Gucci at 85: "Brand is king".(Feature). Suzy Menkes.
International Herald Tribune (Sept 29, 2006): p231.
About this publication | How to Cite | Source Citation | Spanish Translate

Subjects

Byline: Suzy Menkes

MILAN -- One charismatic face is missing from Gucci's glamorous archive pictures of Jackie O with a bag and trademark shades, Princess Di as child bride and sassy young woman, Britt Ekland trading double G logos with Peter Sellers, and Madonna in various hug-me-tight leather jackets.

Tom Ford, architect of Gucci's revival as a jet set brand, before he left the company two years ago, does not appear in "Gucci by Gucci" (Mondadori)

i the magnificent leather-encased tome of glamorama photographs brought out to celebrate 85 star-studded years.

And maybe that is as it should be. For Gucci's subsequent success i a 21 per cent increase in sales was posted for the first half of 2006 i underlines a truth. Selling luxury today is all about not who designs the products, but managing the brand.

Robert Polet, Gucci Group's CEO, stands by the words he uttered in December 2004, that he planned to double the annual financial revenues (then at n1.59 billion, or $2.01 billion) in seven years. In fact, he said Tuesday that he was more confident than ever of his projection.

"We are absolutely convinced that we are going to make it, by up-trading i it's all about the desirability of the product," says Polet.

Mark Lee, 44, Gucci's CEO and the architect of its current growth, is even more specific. He cites figures to show that Polet's premise of a 10 percent annual increase has already been overtaken, with Gucci revenues up 18.4 per cent in 2005 and likely to exceed that in the current year. Profit in the first half of 2006 was up 39 percent. And analysts are forecasting that the overall figures this year might break through the n2 billion bench mark.

"A lot of credit goes to Frida and all the energy she has put in," said Lee, referring to the current designer Frida Giannini i also significantly not photographed for the book. The CEO also says that the Gucci focus on trading up, with projects such as La Pelle Guccissima, or ultrafine leather, has brought both kudos and bucks. Even though the signature canvas bags are still the brand base, accounting for 70 percent of sales, the 30 percent of leather goods is on the rise.

Gucci's rivals have sneered that canvas bags smothered in florals were leaving luxury behind and entering Coach territory i meaning the American brand that has had a huge success in a medium price range. But Lee says his

strategy is the opposite of aiming to create n300 bags in China and that he is "totally focused" on high-end goods made in Italy.

For all its powerful fashion pictures of smudgy-eyed decadents in sexy clothes that polished Gucci's tarnished image in the 1990s, the brand was and is driven by leather goods and shoes. "Leather goods are our history," says Lee, but he cites other categories where he perceives future growth. One is ready-to-wear (currently about 15 per cent of the business) but growing fast with a 29 percent increase so far this year.

Another focus is fragrance, after Gucci signed a recent deal with Proctor & Gamble. He believes it will be as successful a partnership as the sunglasses with Safilo.

How much is Gucci's current growth particular to the brand i and how much a result of a hot market for luxury goods?

"It is a positive moment in the sector in general i but Gucci is above that trend," says Lee. "There is a strong aspirational aspect with more and more hunger for high price points. People are also surprised that we are able to put on so much growth in 'mature' markets such as America."

Then there is "the Asian phenomenon." Lee, who has just returned from a 10-day trip through Hong Kong, Thailand, Indonesia and Singapore, says that he wants to continue to keep the Gucci cake sliced more or less in equal thirds between America, Europe and Japan, where a World of Gucci eight level store will open on Tokyo's Ginza in November. He also sees future growth in the rest of Asia, and specifically in India and China, where Gucci has been for a decade. It will have 11 stores by the end of the year and is "rolling to the next level."

The recent increases are also due to the buzzing American market where, as Lee puts it, "our customers are pretty immune to gas prices."

For all the praise Lee gives to Giannini and her 40-strong team, all of whom are now centered in Florence, the designer is unlikely ever to have the high profile of Ford, who not only brought Gucci back to the heart of fashion but also, with his understanding of the power of images and media, set a template for other brands.

Lee talks frankly about what he calls the "scuttlebutt" period when Ford was making his acrimonious departure and competing luxury groups were talking Gucci down. He insists that even when the Gucci catwalk shows set the agenda for the industry, there was much more to the business than the images captured on screen. And that no brand could have a serious business based "on 40 outfits on the runway twice a year."

He gives as an example the enlarged jewelry collection, which was formerly focused 65 per cent on Japan. Now Gucci jewels are moving from dainty diamonds set in white gold to something bolder, within the n2,000 to n5,000 range.

The strength of Gucci's current growth is not just about extending the brand, but about developing each category "in a complete way." And Giannini is part i but only one part i of that process.

"There is still a mystique about the designer," says Lee. "But at the end of the day, the brand is king."

Source Citation: Menkes, Suzy. "Gucci at 85: "Brand is king".(Feature)." *International Herald Tribune* (Sept 29, 2006): 231.

Retailer Wants Its Other Brands to Be More Like Gucci.(Business/Financial Desk). John Tagliabue.
The New York Times (Jan 26, 2006): pC1(L).

Those who drink Chateau Latour wine or buy Gucci handbags or order a sweater from the Lerner or Lane Bryant catalogs are all doing business with companies owned by Francois-Henri Pinault, heir to one of France's biggest luxury groups. But the multibrand model of retailing Mr. Pinault inherited from his father is facing strains.

He owns brands from the gilt-edged Yves Saint Laurent and Bottega Veneta to the middle-brow Printemps department stores and Fnac book and record chain in France.

Recently, however, Europe's economies have been limping, and the group's sales of everyday items have been sluggish. In luxury goods, results are mixed: Gucci remains a star brand and a money tree, but some of Mr. Pinault's other brands, like Yves Saint Laurent, Alexander McQueen and Stella McCartney, are struggling, showing either losses or only marginal profit.

All of which has raised questions about the group's hydra-headed business model. Mr. Pinault's father, Francois, 69, created the idea of clustering brands, putting them in a holding company, Artemis, and managing them through an operating company, PPR, formerly Pinault-Printemps-Redoute. The elder Mr. Pinault would shuffle brands and products, selling less favorable businesses and buying more promising ones.

But some say the clustering approach is weakening the whole. In 2004, the company had 940.6 million euros ($1.14 billion) in profit on 24 billion euros in sales, but those figures included two companies that have since been sold. Revenue for the first nine months of 2005 were 12.3 billion euros, a rise of 5.2 percent from the previous year using comparable figures. No profit figures for 2005 have been released.

In periods when consumer spending is slow, ordinary retailing acts as a brake on the luxury assets of PPR, burning up profits that luxury goods, which are international attractions, bring in. The luxury brands in particular have done well lately in North America and Asia.

But Mr. Pinault shows no sign of jettisoning his father's idea. "Always the philosophy of the business has been not to put all your eggs in one basket," he said recently.

Over the years, Mr. Pinault's father, a high school dropout, switched the baskets frequently, moving from wood and building materials to retailing to luxury. The words that come to people's lips when the elder Mr. Pinault is mentioned are "instinctive," "visionary" and sometimes "genius."

He never ran the operating company, PPR, himself, preferring to delegate. And he had a reputation for hiring

strong managers, like Sérge Weinberg, who preceded the younger Mr. Pinault at the helm of PPR, and Domenico De Sole, the former lawyer who engineered the rebirth of Gucci in the 1990's.

Slender and sandy-haired, the younger Mr. Pinault, 43, earned a degree from HEC, a French business school. His first practical experience came in the United States, where in place of French military service he spent 18 months working in a French government trade office promoting haute couture.

Mr. Pinault, a collector of luxury watches who favors Gucci suits, joined the family company in the 1980's, rotating through various subsidiaries, like a unit that specialized in African trade; Fnac; and the company's Internet business. He was considered a success at each, expanding the business at every stop.

After his father handed him control of the group in 2003, Mr. Pinault tightened his grip, dismissing both Mr. Weinberg and Mr. De Sole, and bringing in other HEC graduates. Among them are Valerie Hermann at Yves Saint Laurent; Jean-Francois Palus, PPR's financial director; and Christophe Cuvillier, head of Conforama, a furniture unit.

Yet Mr. Pinault denies there is a fundamental difference between his and his father's philosophy. "It has always been the balanced approach," he said, over breakfast in his wood-paneled office. "We always thought in sectors, when they had a chance for growth. Hence, in wood products, we went into parquet, distribution, rather than just investing." Chateau Latour, the Bordeaux winery, also seemed a good real estate investment.

While PPR's retail activities may be widespread, it is also true that they are overly dependent on the domestic French market. Antoine Belge, an analyst at HSBC, said in a report that department store retailing was hampering PPR's overall earnings growth, noting that the division accounted for 67 percent of earnings, before interest and taxes, last year. The French market, he said, "accounts for 58 percent of the business."

Mr. Pinault acknowledges the problem. "We are very subject to the French economy," he said.

Mr. Pinault said it was his goal over the next three years to increase the share of non-French markets to 60 percent, notably by expanding PPR's activities in southern Europe, including Italy, Spain and Greece, where it is opening Fnac stores and Conforama furniture showrooms. In the United States, beyond the luxury brands like Gucci, he hopes to expand the activities of Redcats, the third-largest home-shopping network in the country, which owns brands like Lerner, Chadwick's and Lane Bryant.

Quick results are all the more urgent for multibrand conglomerates like PPR, because they risk over-reliance on a single brand. While Gucci has been the powerhouse of PPR, much of the cash it generates has gone to shore up less fortunate relations, like Yves Saint Laurent.

"Gucci is definitely very, very good in both turnover and profitability," said Armando Branchini, president of InterCorporate, a fashion consulting firm in Milan. The challenge facing Mr. Pinault, he said, was to make money in the lesser brands.

Discussing the luxury brands, Mr. Pinault gave the impression of a man in charge, listing the company's four main luxury brands and commenting on their prospects, a bit like a bookmaker reviewing his horses.

Gucci, he said, which generated roughly 1.5 billion euros in sales last year, could be expected to double that amount in the next three years. The struggling Yves Saint Laurent, he said, showed impressive results with its most recent November collections, and had generated double-digit revenue growth in recent months. He set Saint Laurent's revenue target at 300 million euros by 2009, after what analysts estimate was revenue of roughly 160 million euros in 2005.

Balenciaga, which the company was ready to shut down several years ago, was lauded. "We underestimated its

potential," Mr. Pinault said, praising the way its designer, Nicolas Ghesquiere, exploited the archives of Cristobal Balenciaga, the brand's creator.

But Mr. Pinault came closest to fervor when he discussed Bottega Veneta, the Italian brand that Gucci acquired in the 1990's.

"Last year it was profitable, and it continues to grow," he said, adding that revenue grew more than 50 percent in 2005, albeit from a low base. "Bottega is almost where Saint Laurent is now," he said, referring to its revenues.

Mr. Pinault was largely echoing projections given last year by Gucci's chief executive, Robert Polet, for the company's smaller luxury brands to become profitable within the next three years.

"Individual brands are more limited in their influence on the market," Mr. Pinault said, defending the company's strategy. "The only way to do it is with a portfolio of brands."

CAPTION(S):

Photos: Gucci remains a strong brand for the French retailing group PPR. (Photo by Toby Melville/Reuters)(pg. C1); Francois-Henri Pinault says he is pursuing his father's strategy of multibrand retailing, but PPR remains dependent on the French market. (Photo by Ed Alcock for The New York Times)(pg. C2)

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Ottawa Citizen

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Final Edition

Labels make their mark: A new survey says that one in three consumers would buy Armani or Gucci products, if price wasn't a factor, Sara Gay Forden reports.

BYLINE: Sara Gay Forden, Bloomberg News

SECTION: BUSINESS, Pg. F1

LENGTH: 621 words

DATELINE: MILAN

MILAN - Italian fashion labels Giorgio Armani and Gucci are the world's most coveted brands, according to a survey by market research company ACNielsen.

One in three consumers said that they would buy Armani or Gucci products if money wasn't an issue, according to a survey of 21,000 online consumers in 42 countries that was conducted by ACNielsen and obtained by Bloomberg News.

"Giorgio Armani and Gucci clearly understand that strong brands make for profitable businesses," said Frank Martell, president and chief executive officer of ACNielsen Europe. "They are not merely selling fashion, they are selling an image, something consumers are willing to pay a premium for."

Armani and Gucci started as family-owned businesses and grew into global brands in the 1990s. Mr. Armani, who founded his fashion empire with an unlined jacket in 1975, has expanded into cosmetics, housewares and watches and is planning to open hotels. Gucci, owned by French retail company PPR SA, was turned around by former executives Tom Ford and Domenico De Sole, who made its bamboo-handled bags, horse-bit motifs and double-G logos trendy and profitable.

"Both of these brands have consistently reinforced and updated their brand values," said Deepak Varma, senior vice president for International Research at ACNielsen. "They have kept investing in their brands."

Another Italian label, Versace, ranked third in the ACNielsen poll. Of the total respondents, 27 per cent said they would buy Versace products if money wasn't an issue. Among the other brands consumers said they most desire are Christian Dior, Ralph Lauren and Louis Vuitton.

The survey result coincides with the start of fashion shows in Milan, where Giorgio Armani presented his 2006 fall-winter women's collection yesterday. Mr. Armani, speaking in an interview after the show, attributed the success of his brand to "the coherence of style over nearly 30 years and the courage to trust in things I like."

Gucci, founded in 1921, is fueling sales with products that evoke its roots, including Giannini's Guccissima and Flora collections. Guccissima features the house's double-G logo embossed in leather on handbags, boots and shoes, while the Flora motif is based on a scarf designed for Grace Kelly in 1966.

The Gucci brand, which generates most of the profit at PPR's luxury unit, **Gucci Group NV,** reported a 14-per-cent increase in sales in the fourth quarter. Gucci Group chief executive officer Robert Polet aims to double Gucci brand sales in seven years.

Mr. Armani, whose company reported 2004 net income of $172.5 million U.S. on sales of $1.79 billion, is extending his brand beyond clothing with initiatives that include an agreement with Dubai's Emaar Properties PJSC to build a minimum of 10 luxury hotels and resorts during the next decade for at least $1.25 billion. The first hotels are slated to open in Milan and Dubai in 2008.

"If you are going to extend your brand, it is very important to do it with the right categories," Mr. Varma said. "Each ex#tension must reinforce the identity of the parent."

The ACNielsen survey, conducted in November, found response was especially strong from consumers in emerging markets such as China, India and Russia. In China, eight per cent of respondents said they already own Armani, while 26 per cent said they would buy Armani if money weren't an issue. In India, Gucci emerged as the most desired brand, with 42 per cent. Versace topped the wish list of Russian consumers with 47 per cent, followed by Christian Dior, Gucci and Armani.

The survey has a margin of error of four percentage points, ACNielsen said. It was conducted among a sample of Internet users in each country that are representative of the online population.

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GRAPHIC:
Colour Photo: Alberto Pellaschiar, The Associated Press; Models parade the latest creations from (Armani) and Gucci, on the catwalks of Milan. A worldwide study of consumers by the ACNielsen company found these two firms to be the most coveted designer labels by a wide margin.;
Colour Photo: Luca Bruno, The Associated Press; Models parade the latest creations from Armani and (Gucci), on the catwalks of Milan. A worldwide study of consumers by the ACNielsen company found these two firms to be the most coveted designer labels by a wide margin.

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